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(Incorporated in Hong Kong with limited liability)
(Stock code: 00123)

CONNECTED TRANSACTION IN RELATION TO THE PROPOSED DISPOSAL OF THE TARGET COMMERCIAL PROPERTIES

The Company is pleased to announce that on 26 June 2017, the Vendor and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which, the Vendor agreed to sell, and the Purchaser agreed to purchase, the Target Commercial Properties for a total consideration of RMB448,007,700.

LISTING RULES IMPLICATIONS

The Purchaser is a wholly-owned subsidiary of GZYZ, the controlling shareholder of the Company, and is therefore a connected person of the Company. As such, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as calculated in accordance with Rule 14.07 of the Listing Rules) of the Disposal exceeds 0.1% but is less than 5%, the Disposal is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As none of the Directors had a material interest in the Disposal, no Director has abstained from voting on the relevant board resolutions of the Company.

INTRODUCTION

The Company is pleased to announce that on 26 June 2017, the Vendor and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which, the Vendor agreed to sell, and the Purchaser agreed to purchase, the Target Commercial Properties for a total consideration of RMB448,007,700.

SALE AND PURCHASE AGREEMENT

Date: 26 June 2017

Parties

Vendor: Guangzhou Yuehui Property Development Limited*

Purchaser: Guangzhou Yuexiu Development Group Limited*

Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the Target Commercial Properties for a total consideration of RMB448,007,700 (the “**Purchase Price**”). The Target Commercial Properties are for commercial use and have a total gross floor area of approximately 11,230.98 square metres. The Target Commercial Properties are owned by the Vendor as at the date of the announcement. Based on the valuation conducted by the Independent Property Valuer, the market value of the Target Commercial Properties ranged from the lowest unit rate of approximately RMB18,984 per square metre to the highest unit rate of approximately RMB 93,097 per square metre.

The Target Commercial Properties are sold to the Purchaser on an “as is” basis.

Purchase Price and payment terms

The Purchase Price shall be paid in full by the Purchaser to the Vendor on or before 30 June 2017. The Purchaser shall pay such Purchase Price to the designated bank account of the Vendor.

The Purchase Price was determined after arm’s length negotiation between the Vendor and the Purchaser with reference to, among other things, the aggregate market value of the Target Commercial Properties as at 31 May 2017 of RMB442,870,000 as valued by the Independent Property Valuer. The Directors (including the independent non-executive Directors) consider that the Purchase Price is fair and reasonable, on normal commercial terms and in the interests of the Company and Shareholders as a whole.

Conditions precedent

Completion of the Disposal and delivery of the Target Commercial Properties is conditional on the satisfaction of the following conditions:

- (1) the Parties having entered into an individual sale and purchase agreement (the “**Specific Agreement(s)**”) in respect of each specific Target Commercial Property before 30 June 2017 or within two business days from the date notice is given by the Vendor (whichever the earlier);
- (2) the Purchaser having paid the Purchase Price in full;
- (3) the Purchaser having paid damages in accordance with the terms of the Sale and Purchase Agreement in the event that it has breached the relevant terms of the Sale and Purchase Agreement; and
- (4) the Purchaser having provided all necessary information required by the relevant department of housing management in the PRC for the application for the relevant property ownership certificates.

Completion

Completion shall take place within 30 days from the date of the satisfaction of the aforesaid conditions precedent and the receipt of the Vendor’s notice of confirmation of receipt of the funds mentioned in conditions (2) and (3) in the sub-section headed “Conditions precedent” above.

Regardless of whether or not the Purchaser has received the abovementioned Vendor’s notice, the Vendor shall, from the satisfaction of the aforesaid conditions precedent to the Completion Date, arrange for the delivery of the Target Commercial Properties.

Termination and compensation in the event of breach

In the event that by the time stipulated under the Sale and Purchase Agreement:

- (1) any Specific Agreement has not been entered into by the Purchaser other than for reasons attributable to the Vendor;
- (2) the Purchaser has not paid the Purchase Price in full; or
- (3) the Vendor has not delivered the Target Commercial Properties for reasons other than the occurrence of force majeure events or reasons attributable to third parties,

the defaulting Party shall pay interest at the rate specified in the Sale and Purchase Agreement for every day that the abovementioned breach(es) subsist(s), and if the abovementioned breach(es) continue(s) to subsist for a period after the relevant deadlines stipulated in the Sale and Purchase Agreement, (i) the non-defaulting Party may terminate the Sale and Purchase Agreement by providing written notice to the defaulting Party; or (ii) if the non-defaulting Party chooses to continue to implement the Sale and Purchase Agreement, the defaulting Party shall pay interest at the rate specified in the Sale and Purchase Agreement for every day from the date on which the relevant event should have taken place as stipulated in the Sale and Purchase Agreement.

In the event that the relevant property ownership registration has not been completed within the period stipulated in the Sale and Purchase Agreement (the “**Property Ownership Registration Default**”), any Party may terminate the Sale and Purchase Agreement by providing written notice to the other Party or continue to implement the Sale and Purchase Agreement. In the case that the Sale and Purchase Agreement is terminated, the defaulting Party shall pay to the non-defaulting Party damages as stipulated in the Sale and Purchase Agreement. Where the Parties agree to continue to implement the Sale and Purchase Agreement, if the Property Ownership Registration Default is caused by the Vendor, then Vendor shall pay interest at the rate specified in the Sale and Purchase Agreement for every day that the Property Ownership Registration Default subsists. If the Property Ownership Registration Default is caused by the Purchaser, the Vendor shall proceed with the property ownership registration on behalf of the Purchaser without bearing any liability for the delay in such property ownership registration.

Unless provided otherwise in the Sale and Purchase Agreement, if the Sale and Purchase Agreement is terminated due to breach by either the Vendor or the Purchaser, in either case, the Vendor shall, within the time stipulated in the Sale and Purchase Agreement: (i) refund to the Purchaser without interest (a) the expenses which have already been paid for but have not been incurred; and (b) the amount of the Purchase Price already paid by the Purchaser (after deducting damages payable by the Purchaser (if any) and certain specified expenses incurred); and (ii) only in the case where the Sale and Purchaser Agreement is terminated due to breach by the Vendor, pay the Purchaser the applicable damages resulted from breach of the Sale and Purchase Agreement.

FINANCIAL INFORMATION OF THE TARGET COMMERCIAL PROPERTIES

The unaudited financial information of the Target Commercial Properties prepared in accordance with the PRC Generally Accepted Accounting Principles for the financial years ended 31 December 2015 and 2016 and the four months ended 30 April 2017, respectively, is as follows:

	For the financial year ended 31 December 2015	For the financial year ended 31 December 2016	For the four months ended 30 April 2017
Revenue	RMB 40,000	RMB 1,010,950	RMB 457,140
Net gain before taxation	RMB32,960	RMB868,070	RMB399,540
Net gain after taxation	RMB24,720	RMB651,050	RMB299,660

As at 31 May 2017: (i) the unaudited aggregate net book value of the Target Commercial Properties is approximately RMB106,470,000; and the Target Commercial Properties are valued at RMB442,870,000 in aggregate by the Independent Property Valuer.

FINANCIAL EFFECTS OF THE DISPOSAL

It is expected that the Group will record a gain of approximately RMB159,600,000 (after taxation) as a result of the Disposal. Such gain is calculated by reference to the unaudited aggregate net book value of the Target Commercial Properties as at 31 May 2017.

USE OF PROCEEDS

It is expected that the net proceeds from the Disposal will be used to replenish the working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Target Commercial Properties are located in the Group's commercial-residential mixed-used development project located on Xiwan Road, Liwan District, Guangzhou City, Guangdong Province, the PRC. They are held as properties for sale and the Vendor has already sold all of the residential properties and other shop units located in that project. The Board considers that the one-off disposal of all the Target Commercial Properties to the Purchaser at the market price is beneficial for the Company to expedite the sales of its commercial properties and the cash inflow, realize reasonable profit and can enhance fund utility efficiency and investment return of the Group.

Taking into account the reasons and benefits described above, the Directors (including the independent non-executive Directors) consider that the terms of the Disposal are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE COMPANY, THE VENDOR AND THE PURCHASER

Information of the Company

The Company is incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00123). The Group is principally engaged in property development and investment, mainly focusing on properties in Guangzhou and gradually expanding into the Pearl River Delta, Yangtze River Delta, Bohai Rim Economic Zone and Central Region.

Information of the Vendor

The Vendor is principally engaged in the real estate industry.

Information of the Purchaser

The Purchaser is a wholly-owned subsidiary of GZYYX, which through its various subsidiaries, engages in various businesses including (among others), property development, infrastructure, construction and others.

IMPLICATIONS UNDER THE LISTING RULES

The Purchaser is a wholly-owned subsidiary of GZYYX, the controlling shareholder of the Company, and is therefore a connected person of the Company. As such, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as calculated in accordance with Rule 14.07 of the Listing Rules) of the Disposal exceeds 0.1% but is less than 5%, the Disposal is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As none of the Directors had a material interest in the Disposal, no Director has abstained from voting on the relevant board resolutions of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	Yuexiu Property Company Limited, a limited liability company incorporated under the laws of Hong Kong and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00123)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Disposal”	the sale of the Target Commercial Properties by the Vendor to the Purchaser as contemplated by and pursuant to the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“GZYX”	廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited*), a limited liability company incorporated under the laws of the PRC, which is beneficially wholly-owned by the Guangzhou Municipal People’s Government of the PRC and which is the ultimate controlling shareholder of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Property Valuer”	Greater China Appraisal Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the Vendor and the Purchaser
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan

“Property Ownership Registration Default”	has the meaning ascribed to it under the section “Sale and Purchase Agreement - Termination and compensation in the event of breach”
“Purchase Price”	has the meaning ascribed to it under the section “Sale and Purchase Agreement - Assets to be disposed of”
“Purchaser”	Guangzhou Yuexiu Development Group Co., Limited* (廣州越秀發展集團有限公司), a company incorporated in the PRC and is a wholly-owned subsidiary of GZYY
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 26 June 2017 entered into between the Vendor and the Purchaser in respect of the sale and purchase of the Target Commercial Properties
“Shares”	ordinary share(s) of the Company
“Shareholders”	holders of Shares
“Specific Agreement(s)”	has the meaning ascribed to it under the section “Sale and Purchase Agreement - Conditions precedent”
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Target Commercial Properties”	comprises (i) commercial units 101-109, 111, 201, 301, B175 located at No. 152 Xiwan Road, Liwan District, Guangzhou City, Guangdong Province, the PRC; (ii) commercial units 110, 116, 119, 120, 122, 201-205 located at second section of No. 149 at Xiwan Road, Liwan District, Guangzhou City, Guangdong Province, the PRC; and (iii) commercial units Nos. 4 and 6 located at Duoli Street of Xiwan Road, Liwan District, Guangzhou City, Guangdong Province, the PRC

“Vendor” Guangzhou Yuehui Property Development Limited*
(廣州市越滙房地產開發有限公司), a company incorporated
in the PRC and is indirectly owned as to 99.07% by the
Company and 0.93% by GZYX

% per cent

For and on behalf of the Board
Yuexiu Property Company Limited
Yu Tat Fung
Company Secretary

* *for identification purpose*

Hong Kong, 26 June 2017

As at the date of this announcement, the Board comprises:

Executive Directors: ZHANG Zhaoxing (Chairman), ZHU Chunxiu, LIN Zhaoyuan,
LI Feng and OU Junming

Independent Non-executive Directors: YU Lup Fat Joseph, LEE Ka Lun and LAU Hon Chuen Ambrose